

**Technology and Equipment
Committee Meeting**

August 29, 2007

**MRI
Material**

Material Related To

MRI Petition-1: Alliance Imaging

PETITION

TO: Medical Facilities Planning Section
Division of Facility Services
701 Barbour Drive
2714 Mail Service Center
Raleigh, NC 27699-2714

DFS Health Services
RECEIVED

PETITIONER: Shirley Silva
Alliance Imaging Inc.
2428 Belle Terre Drive
Statesville, NC 28625-4331

MEDICAL FACILITIES
PLANNING SECTION

DATE: July 24, 2007

RE: Petition for Adjusted Need Determination Related to Mobile MRI
Scanners

I. Introduction

Earlier in 2007, Alliance Imaging petitioned for a change in Chapter 9 of the Proposed 2008 State Medical Facilities Plan to include the following statement:

"There is no need for any additional mobile magnetic resonance imaging scanners anywhere in the State."

The State Health Coordinating Council denied the earlier petition based on two factors:

- There may still be places where an applicant can demonstrate a need for mobile MRI to improve patient access
- Mobile PET and mobile cardiac catheterization units are more specialized and expensive as compared to mobile MRI. Therefore, it is appropriate for the Plan to state that no need exists for additional mobile PET and mobile cardiac catheterization units but not make a similar statement regarding mobile MRI.

Alliance Imaging respectfully requests that the State Health Coordinating Council reconsider this petition based on updated MRI utilization and mobile MRI inventory data.

II. Rationale for the Proposed Changes

Alliance Imaging offers the following updated information regarding the fixed and mobile MRI inventory and projected future needs for MRI procedures:

A. Growth in MRI Demand Has Levelled Off

The Proposed 2008 Plan shows that 785,445 total MRI procedures were performed in 2005-06 which represents a 65,998 or 9 percent increase over the previous year. The 2007 Plan shows that the previous reporting period 2004-05 had an increase of 65,548 procedures (or approximately 10 percent) over the previous year. These statistics show that growth in MRI demand has leveled off. The following table shows the volumes, inventory and need determinations for the proposed Plan and the previous two years.

	Volumes and Inventory		Need Determinations					Total MRIs
	Annual Volume	Fixed Equip	Standard	Breast	Extremity	Multi-Position	Other	
	Previous Yr	Total	Fixed MRI	MRI	MRI	MRI	MRI	
2008 Proposed	785,445	251 75	11	0	0	4	0	15
2007 Plan	719,447	237 36	7	0	0	0	0	7
2006 Plan	653,899	222 49	6	1	1	0	0	8

The 2008 Proposed Plan includes 11 need determinations for fixed MRIs based on the standard methodology plus an adjusted need determination for 4 multi-position MRI scanners. The total number of MRI need determinations is substantially larger than the two previous years'. The maximum capacity of these additional 15 scanners is calculated as follows:

15 MRI units x 6,864 MRI procedures = 102,960 procedures annual capacity
(The 6,864 annual procedures is based on the MRI methodology assuming 100 percent utilization.)

The MRI capacity that is being added in 2008 totals 102,960 and far exceeds the actual annual growth of approximately 66,000 MRI procedures that has occurred for each of the two previous years. This means that the proposed additional MRI scanners will probably take volume away from existing mobile units in specific markets.

B. Multi-Position MRI Scanners Can Not Be Installed in Mobile Units

Alliance Imaging has researched multi-position MRI scanners as described by Axiom and confirmed that these machines can not be installed in a mobile unit. Therefore mobile MRI scanners are not a legitimate settlement option to resolve any CON appeals for competitive reviews of multi-position MRI units.

C. The Actual Number of Currently Underutilized Mobile MRI Scanners Should Be Examined

The higher cost and complexity of mobile PET and mobile cardiac catheterization units are certainly legitimate reasons to make the statement in the Plan that no need exists for these units. In total there are far fewer of these types of units as compared to mobile MRI scanners.

The Medical Facilities Planning Section has the data available to determine the number of mobile MRI scanners that were underutilized during the previous year. This information is directly relevant to cost effectiveness and would be helpful to evaluate all mobile technologies.

D. Multiple Approved Mobile MRI Scanners Have Not Been Implemented

CON-approved mobile MRI scanners that are pending implementation include:

Frye Memorial Hospital was approved for a mobile unit on July 15, 2005 (# E-7059-04). No volumes have been reported for this scanner and no progress reports have been received by the CON Section

Alamance Regional Medical Center was CON approved for a mobile unit in November, 2004. Based on the 2007 Mobile MRI Inventory forms this scanner has not been implemented.

Waccamaw Ultrasound & Diagnostic, Inc. d/b/a Waccamaw Imaging (Columbus County) was issued a CON for a mobile MRI scanner effective November 27, 2006; no 2007 mobile MRI inventory form was submitted.

Raleigh Orthopaedic Clinic (Wake County) and Orthopaedic Specialists of the Carolinas (Forsyth County) both obtained CON approval in 2007 to acquire mobile MRI scanners. These units are not yet operational.

The MRI methodology (Table 90) estimated "fixed equivalent MRI units" that are assigned to the above mobile MRI scanners; these numbers are only estimates of their future capacity based on the number of days per week assigned to the prospective host sites. Since the "fixed equivalent MRI units" data is speculative, as more mobile MRI scanners become CON approved but not operational, the MRI methodology becomes more unreliable.

III. Requested Changes

Alliance Imaging petitions for a change in Chapter 9 of the 2008 State Medical Facilities Plan to include the following statement:

"There is no need for any additional mobile magnetic resonance imaging scanners anywhere in the State."

The requested change is based on the updated utilization and inventory data combined with the abundance of fixed MRI need determinations plus the special need determinations for multi-position MRI scanners.

IV. Adverse Effects if the Changes Are Not Made

The following adverse effects are predicted if the proposed change is not adopted:

- Utilization of the existing mobile MRI scanners statewide will be compromised by the added capacity of recently approved mobile MRI units, plus the abundance of fixed MRI need determinations. Unnecessary duplication of services will result.
- The calculations of "MRI fixed equivalent magnets" will be distorted with even more mobile MRI scanners in the pipeline.
- Mobile MRI sites will be reshuffled, meaning legal challenges will likely occur related to declaratory rulings to add or change those host sites.
- CON applicants in competitive reviews and subsequent appeals may continue to seek mobile MRI units through settlement agreements.

V. Alternatives That Were Considered But Are Not Feasible

Two alternatives that were considered are outlined.

Developing a specific need methodology for mobile MRI scanners is not a feasible alternative because this strategy was previously pursued by Alliance Imaging in the development of the 2003 State Medical Facilities Plan. The previously proposed mobile MRI methodology demonstrated the need for additional mobile MRI scanners and the 2003 SMFP included need determinations for two additional mobile MRI scanners. However, the need methodology that was used to calculate this need was not adopted in the 2003 Plan. Therefore, Alliance Imaging concludes that the Medical Facilities Planning Section is not receptive to a specific need methodology for mobile MRI scanners.

Alliance considered petitioning for an adjusted need determination for only one additional mobile MRI scanner that would be deployed to provide service to new sites in any counties that currently have no mobile MRI host sites or fixed MRI scanners. This scenario could potentially create the opportunity for providers to put forth their best efforts to expand service to rural underserved populations. However, Alliance observed that most of the counties that lack mobile MRI host sites do not have sufficient referring physicians to maintain even one day per week service. Also, the mobile MRI inventory data shows multiple providers with underutilized mobile scanners throughout the state. Therefore no need exists for even one additional mobile MRI scanner at this time.

VI. Evidence That the Proposed Change Will Not Result in Unnecessary Duplication of Health Resources

The proposed change will add no need determinations and will reduce the unnecessary duplication of mobile MRI scanners. Existing mobile and fixed MRI providers with underutilized equipment need a respite from the backlog of previously approved mobile units plus the surge in new MRI need determinations.

VII. Conclusion

There are at least five CON-approved mobile MRI scanners that are now pending implementation. Also there are numerous mobile MRI scanners that performed less than 3,328 unweighted procedures (mobile MRI performance standards 10A NCAC 14C .2703(a) (1) and (2)). Also consider that mobile MRI scanners certainly have the capacity to perform far more than 3,328 annual unweighted procedures.

No need for additional mobile MRI scanners exists as demonstrated by:

- recent MRI utilization data demonstrating that growth in MRI demand has leveled off
- the number of previously approved mobile scanners that are pending
- the abundance of need determinations for fixed MRI and multi-position scanners

Alliance Imaging Inc. requests that the Proposed 2008 Plan include a statement that no need for additional mobile MRI scanners exists anywhere in the State.